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Missouri Real Estate Malpractice Insurance Report 2001

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Missouri Department of Insurance
Statistics Section

MISSOURI REAL ESTATE MALPRACTICE INSURANCE REPORT 2001

**Missouri Department of Insurance
Statistics Section
August 2002**

Other Publications Available

The Missouri Department of Insurance publishes the following statistical reports. These reports are available by sending a written request along with the payment of \$35 to the Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

Missouri Department of Insurance Annual Report
Missouri Medical Malpractice (Closed Claim) Report
Missouri Legal Malpractice (Closed Claim) Report
Missouri Market Share Report
Missouri Products Liability (Closed Claim) Report
Missouri Health Maintenance Organization Report
Missouri Complaint Index Report
Missouri Life, Accident & Health Supplement Report
Missouri Property & Casualty Supplement Report
Missouri Mortgage Guaranty Report
Missouri Uninsured Auto Report

Databases Available

Medicare Supplement Experience Data
Missouri Zip Code Insurance Data for Homeowners/Dwelling Fire,
Farmowners (dwelling only), Mobile Home, Earthquake and Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the Statistics Section at 573/751-4126.

Real Estate Malpractice Insurance Report

Executive Summary

This report summarizes Missouri real estate malpractice data for 1992 to 2001. The charts, graphs and tables — limited to closed claim information — were constructed from data collected by the Missouri Department of Insurance as required by Section 383.060 RSMo. The premium and loss data, obtained from the Missouri Page 24 Supplement to the companies' annual statements, is presented in the final section.

The loss ratio for real estate malpractice in Missouri during 2001 was -49 percent, which is a significant decrease from 19.93 percent in 2000. The industry posted a negative loss ratio, in 1999 and 2001, because companies wrote off excess reserves from previous years. Only four claims were closed in 2001, compared to a high of 63 in 1997. Three out of the four claims (75 percent) were paid, averaging \$4,781.

Over the past 10 years, 402 real estate malpractice claims were closed in Missouri — 136 (34 percent) with payment, and 266 (66 percent) without payment.

In 2001 the average loss adjustment expense for all claims closed with payment was \$2,758 while the expenses for all claims closed without payment averaged \$8,274.

In Section II, indemnities paid on closed claims are shown by claim characteristics. The number of closed claims, average paid claim and total amount paid are included in each of these six categories:

- Area of real estate in which the claims were filed.
- Major activity in which the agent was engaged when the alleged error or omission occurred.
- Alleged error or omission that was the most significant

reason for the claim.

- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

Five companies reported writing real estate malpractice insurance business in Missouri during 2001, compared to 11 companies in 2000. The four top writers of real estate malpractice insurance in Missouri maintain more than 90 percent of the market: Continental Casualty Co. with 67 percent, St. Paul Fire and Marine Insurance Co., 19 percent, United States Liability Insurance Co., 9 percent and Associates Insurance Co., 5 percent.

This report was compiled using information submitted by the insurance companies. As a result, the accuracy of this report is dependent upon the accuracy of each company's data. Copies of this report will be made available in braille, large print or on audio cassette upon request. Any questions regarding this report should be addressed to the Statistics Section, Missouri Department of Insurance, P.O. Box 690, Jefferson City, Missouri 65102-0690.

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**TEN YEAR
SUMMARY
(1992 - 2001)**

REAL ESTATE MALPRACTICE INSURANCE

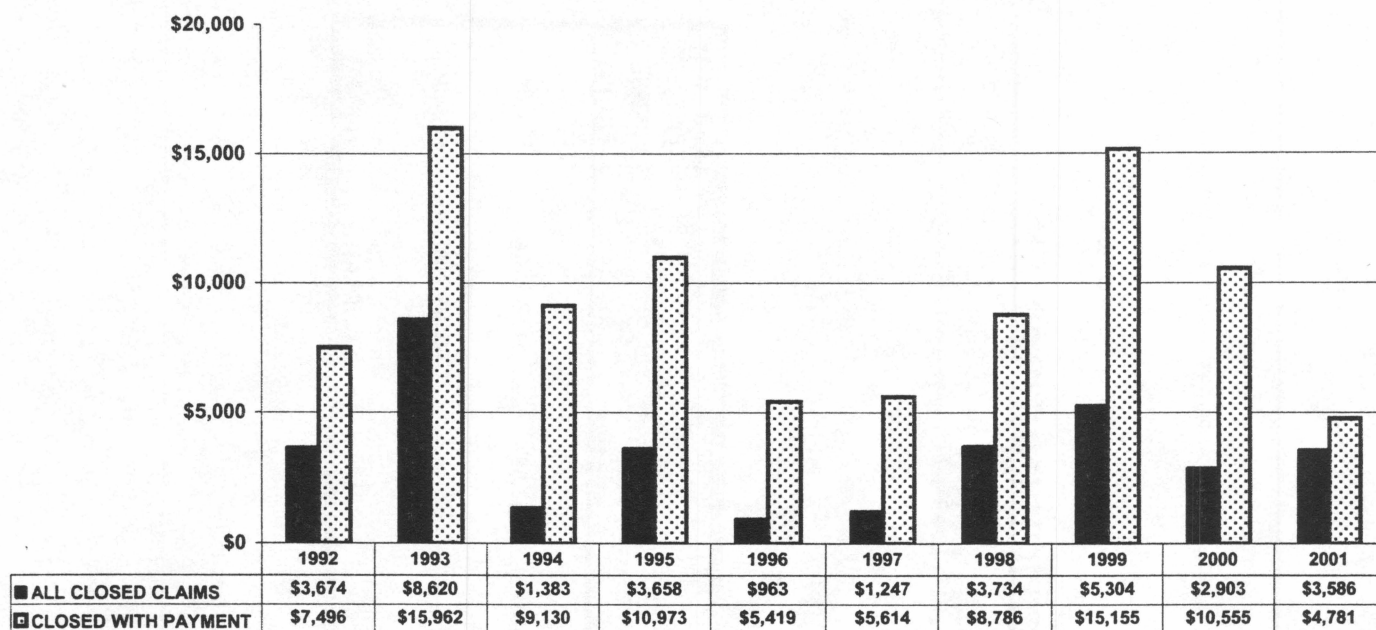
TEN YEAR SUMMARY

1992 - 2001

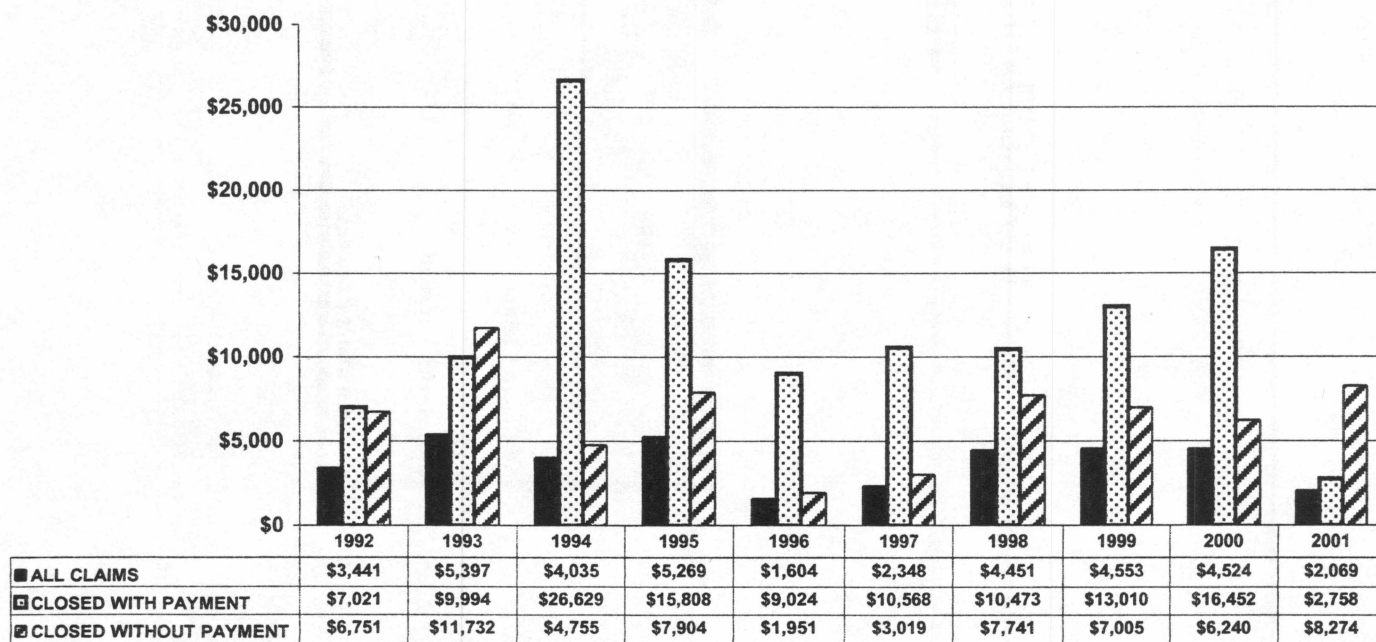
| CLOSED CLAIMS | NUMBER OF CLAIMS | PERCENT OF CLAIMS | TOTAL INDEMNITY PAID | AVERAGE INDEMNITY PAID | TOTAL LOSS EXPENSES PAID | AVERAGE LOSS EXPENSE PAID |
|------------------------|------------------------|----------------------|----------------------------|------------------------------|--------------------------------|------------------------------------|
| All Closed Claims | 402 | 100.0% | \$1,409,614 | \$3,507 | \$1,537,763 | \$3,825 |
| Closed with Payment | 136 | 33.8% | \$1,409,614 | \$10,365 | \$1,039,070 | \$7,640 |
| Closed without Payment | 266 | 66.2% | \$0 | \$0 | \$498,693 | \$1,875 |

MISSOURI REAL ESTATE MALPRACTICE INSURANCE

Average Paid Claim

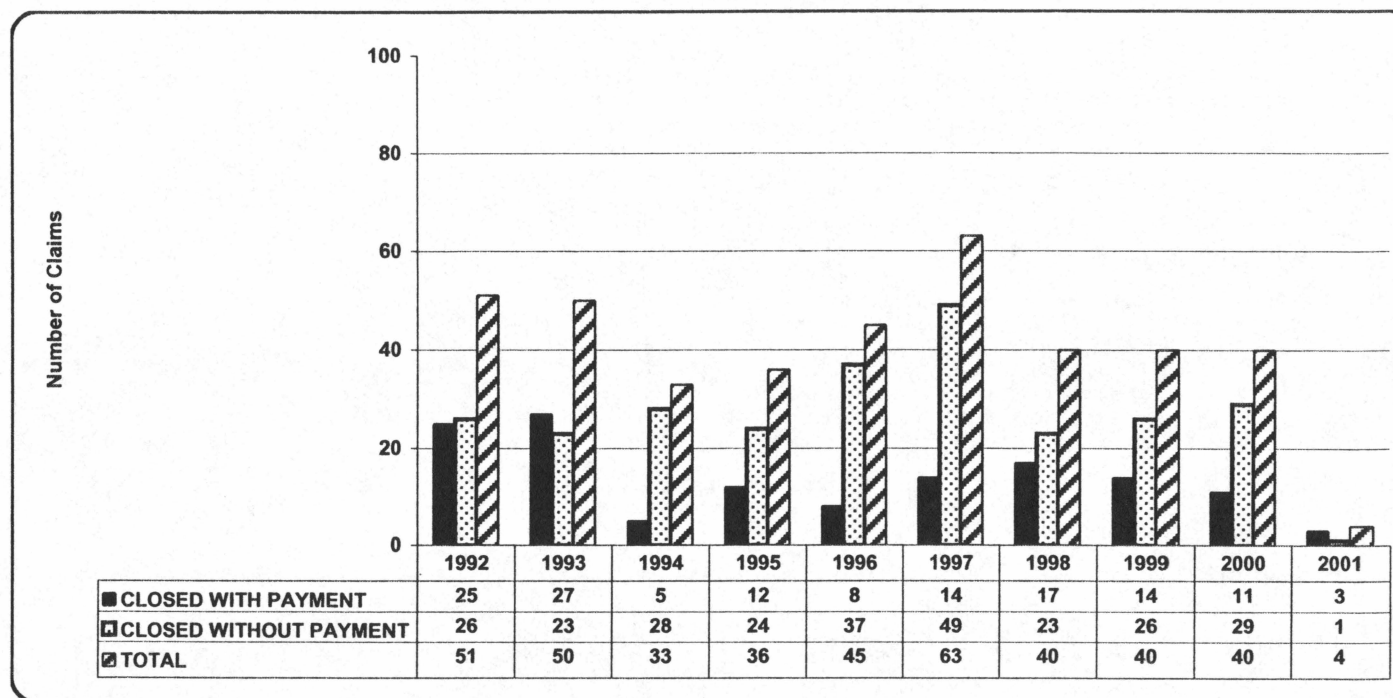


Average Paid Loss Adjustment Expense



MISSOURI REAL ESTATE MALPRACTICE INSURANCE

Claim Count



**TEN YEAR SUMMARY
&
2001 SUMMARY
BY
AREA OF REAL ESTATE**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1992 - 2001

| AREA OF REAL ESTATE | ALL CLOSED CLAIMS | NUMBER OF PAID CLAIMS | PERCENT OF PAID CLAIMS | AVERAGE INDEMNITY PAID PER PAID CLAIM | TOTAL INDEMNITY | PERCENT OF TOTAL INDEMNITY | AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS |
|--|-------------------------|--------------------------|------------------------------|--|--------------------|----------------------------------|--|
| AS AGENT TO PROCURE PURCHASE OF PROPERTY | 328 | 106 | 77.94% | \$11,582 | \$1,227,735 | 87.10% | \$4,018 |
| AS AGENT TO PROCURE PROPERTY TO PURCHASE | 47 | 17 | 12.50% | \$5,982 | \$101,700 | 7.21% | \$3,267 |
| NOT SPECIFIED | 26 | 13 | 9.56% | \$6,168 | \$80,179 | 5.69% | \$2,273 |
| OTHER | 1 | 0 | 0.00% | N/A | \$0 | 0.00% | \$7,101 |
| TOTAL | 402 | 136 | 100.00% | \$10,365 | \$1,409,614 | 100.00% | \$3,825 |

REAL ESTATE MALPRACTICE INSURANCE

INDEMNITY ANALYSIS

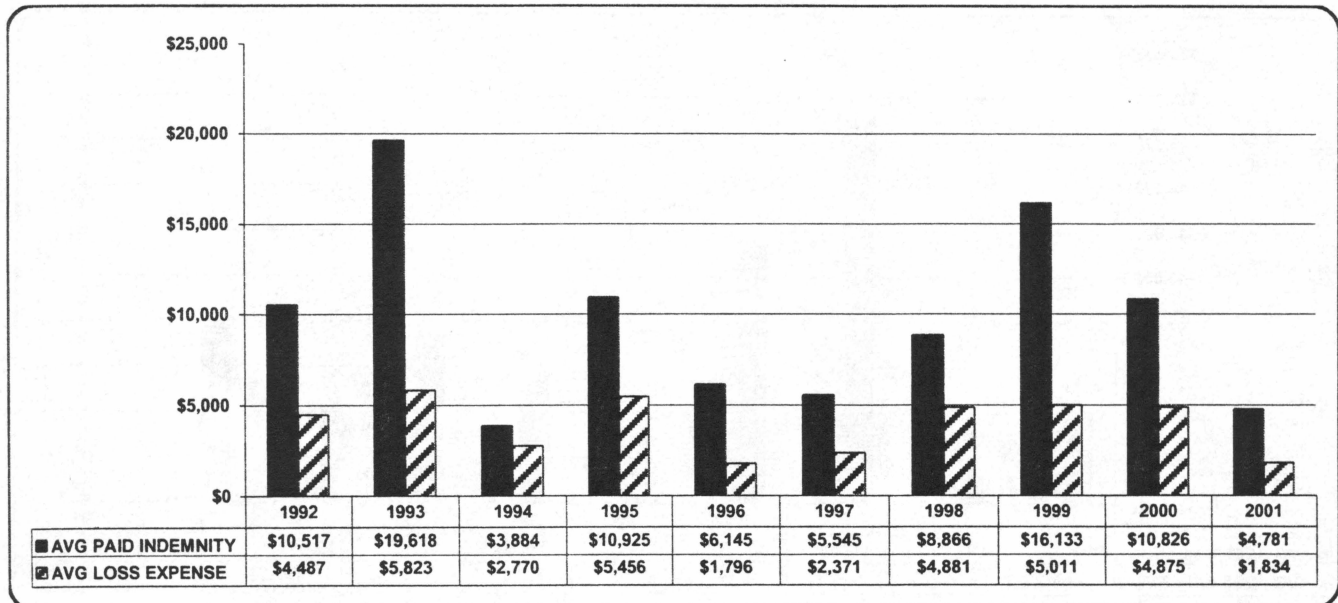
CLAIMS CLOSED IN 2001

| AREA OF REAL ESTATE | ALL CLOSED CLAIMS | NUMBER OF PAID CLAIMS | PERCENT OF PAID CLAIMS | AVERAGE INDEMNITY PAID PER PAID CLAIM | TOTAL INDEMNITY | PERCENT OF TOTAL INDEMNITY | AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS |
|--|-------------------------|--------------------------|------------------------------|--|--------------------|----------------------------------|--|
| AS AGENT TO PROCURE PURCHASE OF PROPERTY | 3 | 3 | 100.00% | \$4,781 | \$14,342 | 100.00% | \$1,834 |
| AS AGENT TO PROCURE PROPERTY TO PURCHASE | 1 | 0 | 0.00% | \$0 | \$0 | 0.00% | \$2,772 |
| TOTAL | 4 | 3 | 100.00% | \$4,781 | \$14,342 | 100.00% | \$2,069 |

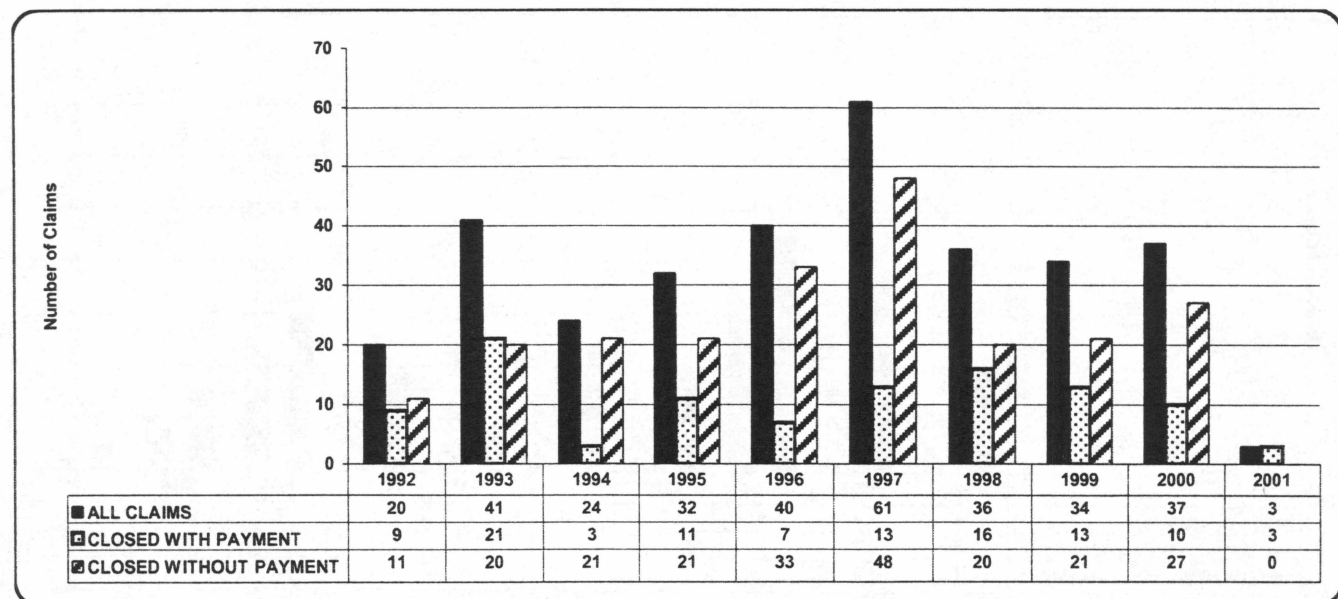
**AREA OF REAL ESTATE
TRENDS
OF
2001**

AS AGENT TO PROCURE PURCHASE OF PROPERTY

Average Paid Indemnity & Average Loss Expense

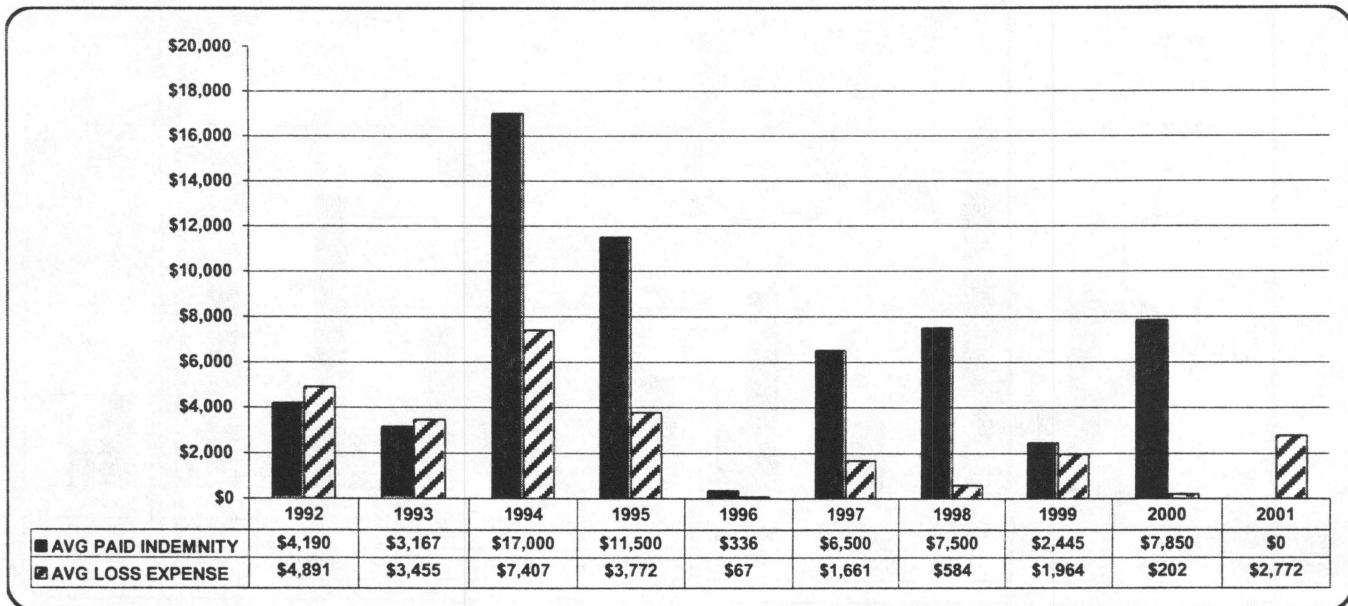


Claim Count

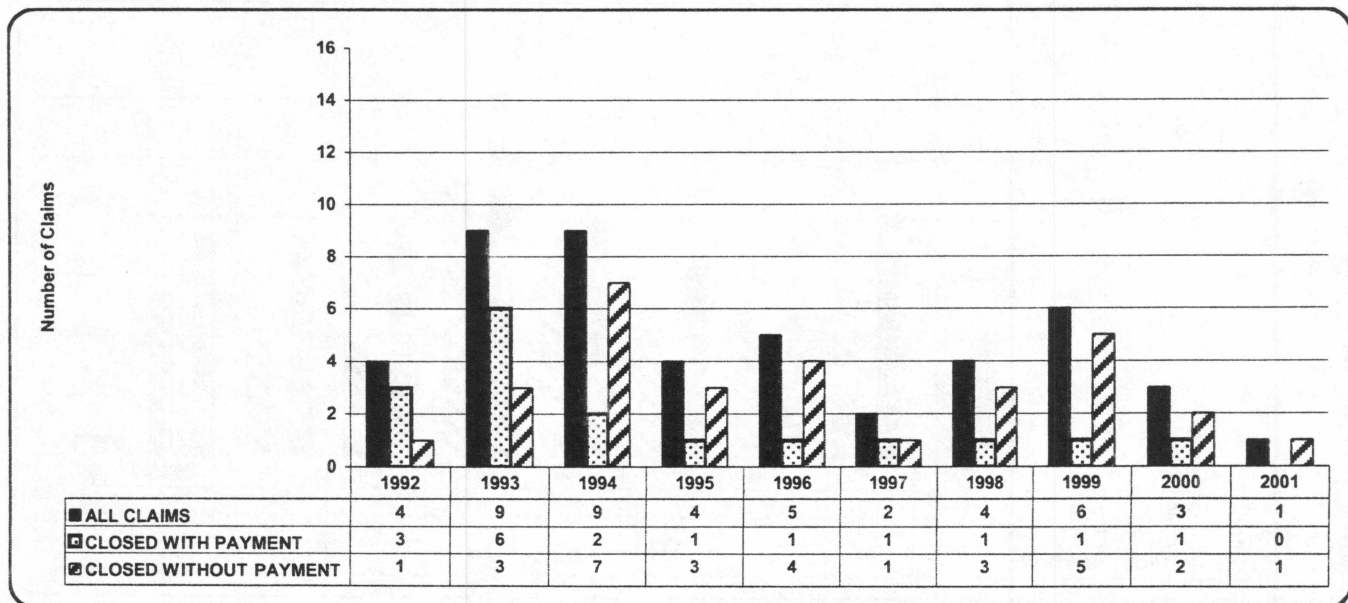


AS AGENT TO PROCURE PROPERTY TO PURCHASE

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2001 SUMMARY
BY
MAJOR ACTIVITY**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1992 - 2001

| MAJOR ACTIVITY CODE | ALL CLOSED CLAIMS | NUMBER OF PAID CLAIMS | PERCENT OF PAID CLAIMS | AVERAGE INDEMNITY PAID PER PAID CLAIM | TOTAL INDEMNITY | PERCENT OF TOTAL INDEMNITY | AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS |
|--------------------------------|-------------------------|--------------------------|------------------------------|--|--------------------|----------------------------------|--|
| LISTING THE PROPERTY FOR SALE | 227 | 68 | 50.00% | \$12,782 | \$869,166 | 61.66% | \$3,666 |
| SHOWING PROPERTY | 97 | 38 | 27.94% | \$9,213 | \$350,079 | 24.84% | \$3,663 |
| CLOSING AND TRANSFERRING TITLE | 52 | 17 | 12.50% | \$6,482 | \$110,190 | 7.82% | \$5,598 |
| NOT SPECIFIED | 26 | 13 | 9.56% | \$6,168 | \$80,179 | 5.69% | \$2,273 |
| TOTAL | 402 | 136 | 100.00% | \$10,365 | \$1,409,614 | 100.00% | \$3,825 |

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

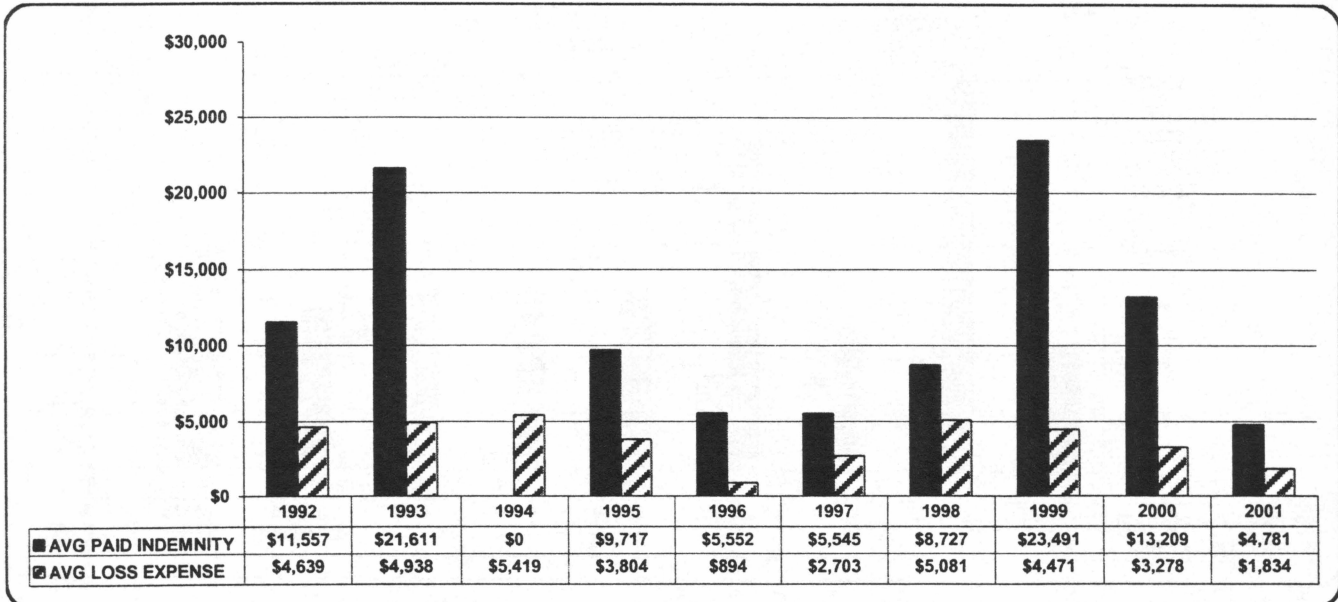
CLAIMS CLOSED IN 2001

| MAJOR ACTIVITY CODE | ALL CLOSED CLAIMS | NUMBER OF PAID CLAIMS | PERCENT OF PAID CLAIMS | AVERAGE INDEMNITY PAID PER PAID CLAIM | TOTAL INDEMNITY | PERCENT OF TOTAL INDEMNITY | AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS |
|-------------------------------|-------------------------|--------------------------|------------------------------|--|--------------------|----------------------------------|--|
| LISTING THE PROPERTY FOR SALE | 3 | 3 | 100.00% | \$4,781 | \$14,342 | 100.00% | \$1,834 |
| SHOWING PROPERTY | 1 | 0 | 0.00% | N/A | \$0 | 0.00% | \$2,772 |
| TOTAL | 4 | 3 | 100.00% | \$4,781 | \$14,342 | 100.00% | \$2,069 |

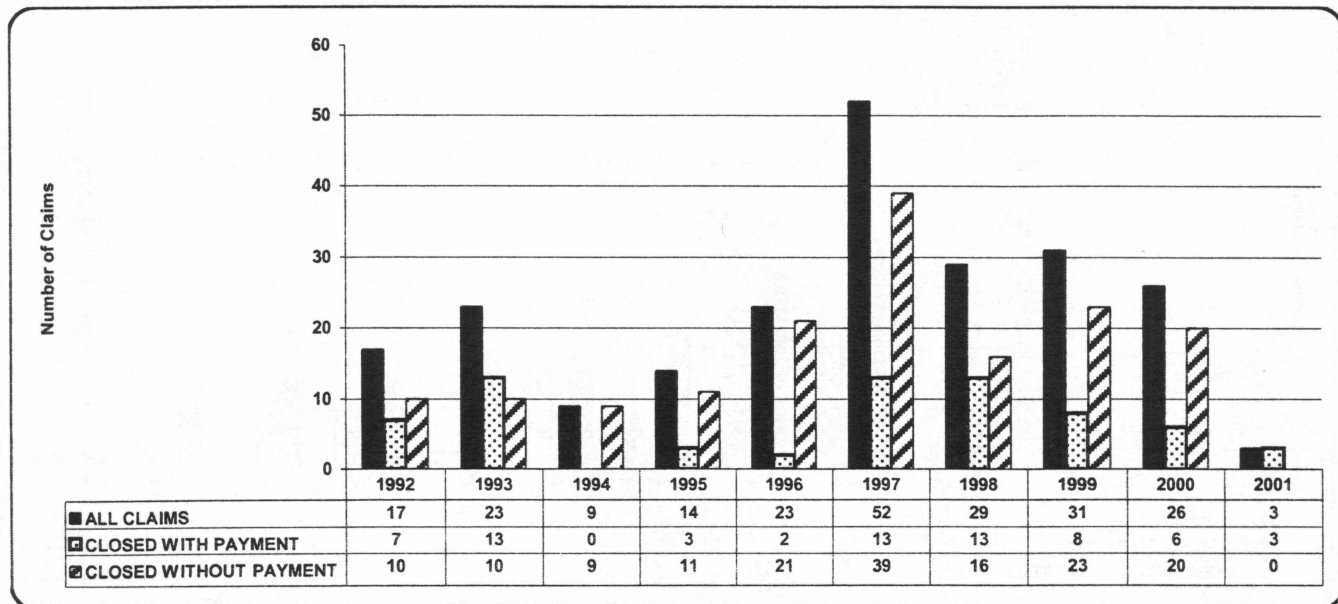
**MAJOR ACTIVITY
TRENDS
OF
2001**

LISTING THE PROPERTY FOR SALE

Average Paid Indemnity & Average Loss Expense

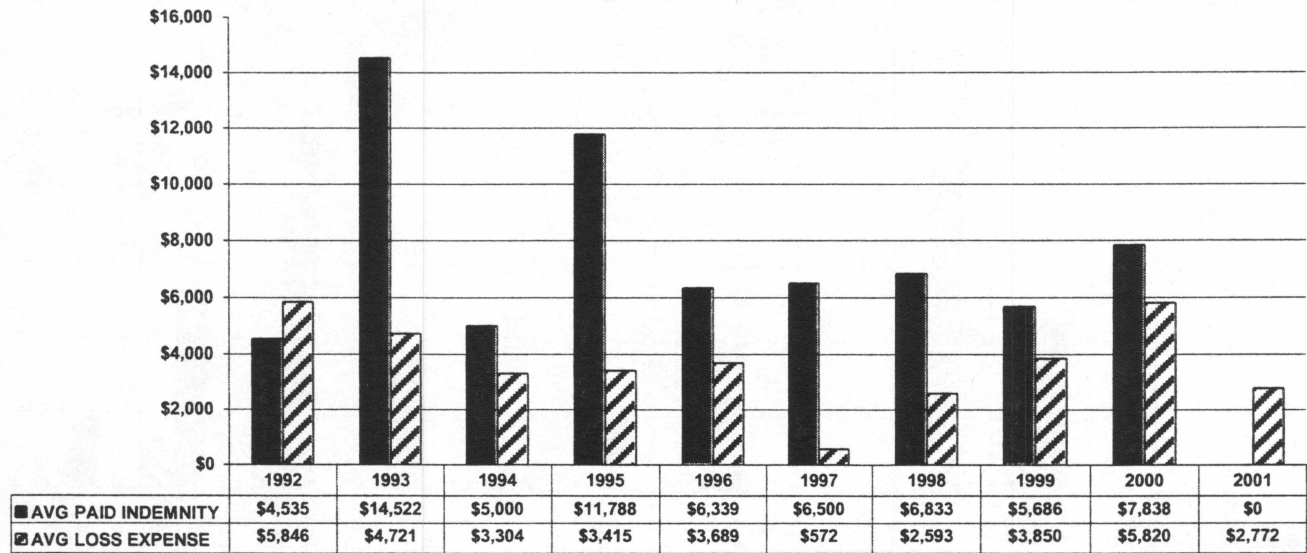


Claim Count

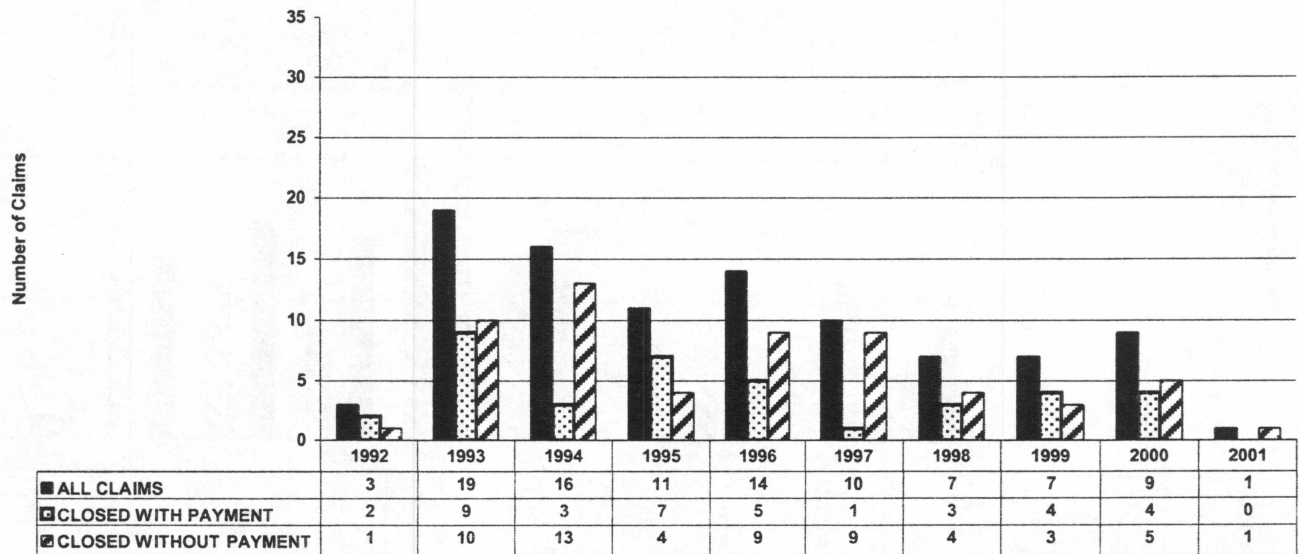


SHOWING PROPERTY

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2001 SUMMARY
BY
ALLEGED ERROR OR OMISSION**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1992 - 2001

| ALLEGED ERROR OR OMISSION | ALL CLOSED CLAIMS | NUMBER OF PAID CLAIMS | PERCENT OF PAID CLAIMS | AVERAGE INDEMNITY PAID PER PAID CLAIM | TOTAL INDEMNITY | PERCENT OF TOTAL INDEMNITY | AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS |
|--|-------------------------|--------------------------|------------------------------|--|--------------------|----------------------------------|--|
| FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY | 293 | 97 | 71.32% | \$11,192 | \$1,085,616 | 77.02% | \$4,117 |
| OTHER | 59 | 17 | 12.50% | \$11,067 | \$188,142 | 13.35% | \$3,512 |
| NOT SPECIFIED | 26 | 13 | 9.56% | \$6,168 | \$80,179 | 5.69% | \$2,273 |
| FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP | 24 | 9 | 6.62% | \$6,186 | \$55,677 | 3.95% | \$2,723 |
| TOTAL | 402 | 136 | 100.00% | \$10,365 | \$1,409,614 | 100.00% | \$3,825 |

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

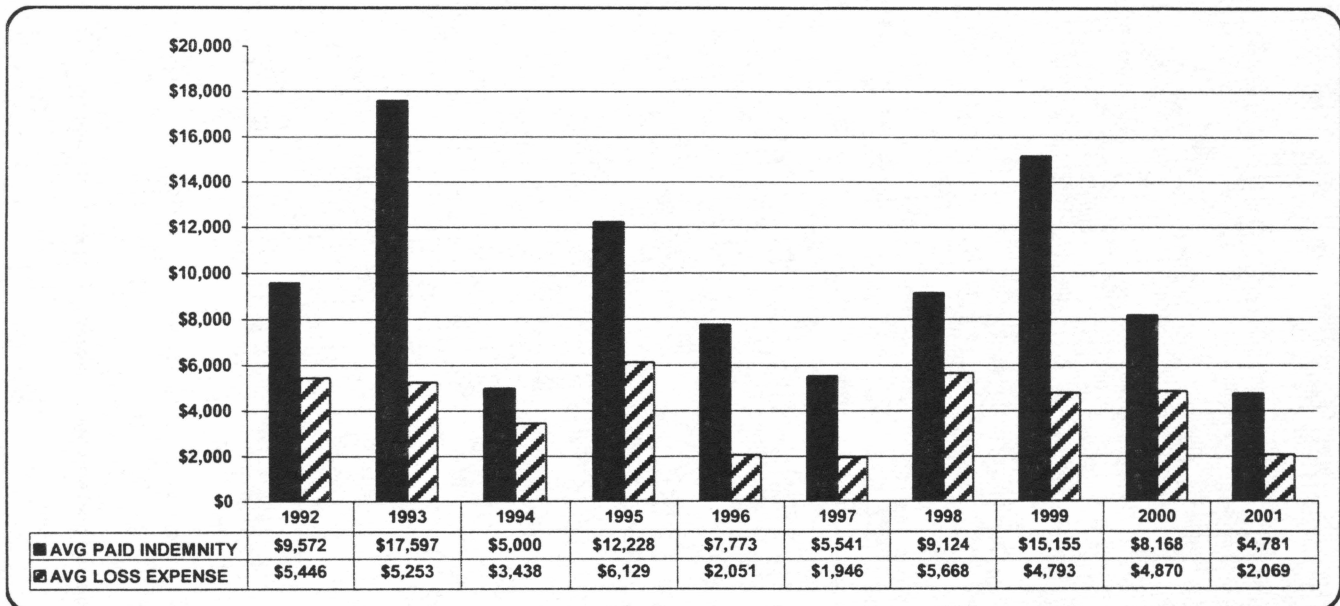
CLAIMS CLOSED IN 2001

| ALLEGED ERROR OR OMISSION | ALL CLOSED CLAIMS | NUMBER OF PAID CLAIMS | PERCENT OF PAID CLAIMS | AVERAGE INDEMNITY PAID PER PAID CLAIM | TOTAL INDEMNITY | PERCENT OF TOTAL INDEMNITY | AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS |
|---|-------------------------|--------------------------|------------------------------|--|--------------------|----------------------------------|--|
| FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY | 4 | 3 | 100.00% | \$4,781 | \$14,342 | 100.00% | \$2,069 |
| TOTAL | 4 | 3 | 100.00% | \$4,781 | \$14,342 | 100.00% | \$2,069 |

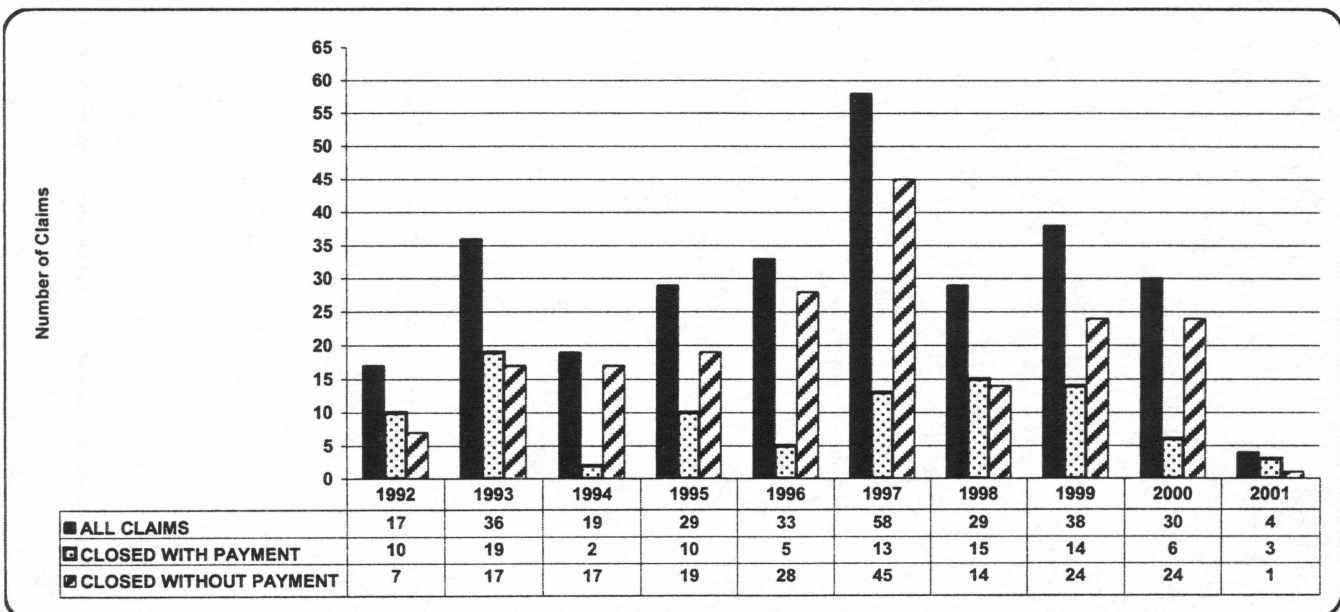
**ALLEGED ERROR OR OMISSION
TRENDS
OF
2001**

FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2001 SUMMARY
BY
CLAIM DISPOSITION**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1992 - 2001

| CLAIM DISPOSITION | ALL CLOSED CLAIMS | NUMBER OF PAID CLAIMS | PERCENT OF PAID CLAIMS | AVERAGE INDEMNITY PAID PER PAID CLAIM | TOTAL INDEMNITY | PERCENT OF TOTAL INDEMNITY | AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS |
|---|-------------------------|--------------------------|------------------------------|--|--------------------|----------------------------------|--|
| BEFORE TRIAL OR HEARING | 143 | 90 | 66.18% | \$11,579 | \$1,042,086 | 73.93% | \$6,208 |
| CLAIM OR SUIT ABANDONED | 118 | 2 | 1.47% | \$3,325 | \$6,651 | 0.47% | \$1,096 |
| BEFORE FILING SUIT OR DEMANDING HEARING | 75 | 19 | 13.97% | \$6,382 | \$121,251 | 8.60% | \$809 |
| NOT SPECIFIED | 33 | 17 | 12.50% | \$7,535 | \$128,095 | 9.09% | \$3,348 |
| AFTER JUDGMENT, BEFORE APPEAL | 17 | 1 | 0.74% | \$20,169 | \$20,169 | 1.43% | \$11,588 |
| DURING TRIAL OR HEARING | 14 | 6 | 4.41% | \$14,310 | \$85,862 | 6.09% | \$7,868 |
| AFTER APPEAL | 1 | 0 | 0.00% | N/A | \$0 | 0.00% | \$6,028 |
| DURING APPEAL | 1 | 1 | 0.74% | \$5,500 | \$5,500 | 0.39% | \$36,257 |
| TOTAL | 402 | 136 | 100.00% | \$10,365 | \$1,409,614 | 100.00% | \$3,825 |

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

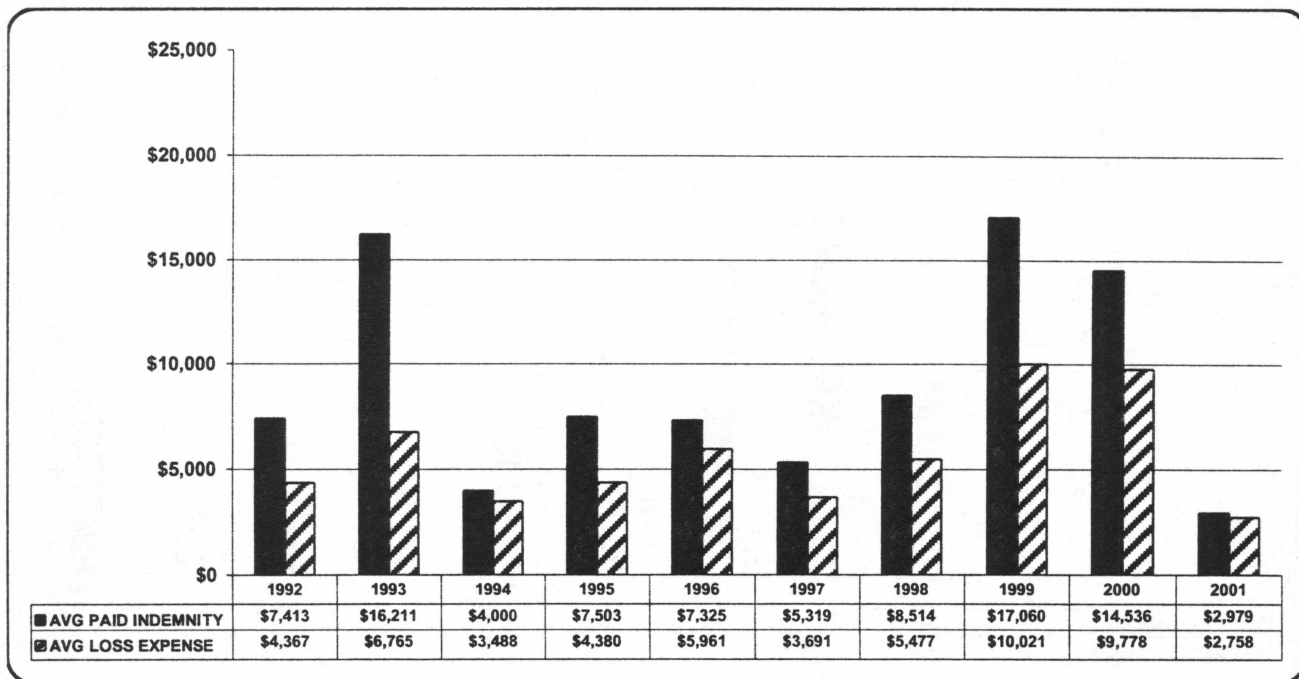
CLAIMS CLOSED IN 2001

| CLAIM DISPOSITION | ALL CLOSED CLAIMS | NUMBER OF PAID CLAIMS | PERCENT OF PAID CLAIMS | AVERAGE INDEMNITY PAID PER PAID CLAIM | TOTAL INDEMNITY | PERCENT OF TOTAL INDEMNITY | AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS |
|---|-------------------------|--------------------------|------------------------------|--|--------------------|----------------------------------|--|
| BEFORE TRIAL OR HEARING | 3 | 2 | 66.67% | \$2,979 | \$5,957 | 41.54% | \$2,758 |
| BEFORE FILING SUIT OR DEMANDING HEARING | 1 | 1 | 33.33% | \$8,385 | \$8,385 | 58.46% | \$0 |
| TOTAL | 4 | 3 | 100.00% | \$4,781 | \$14,342 | 100.00% | \$2,069 |

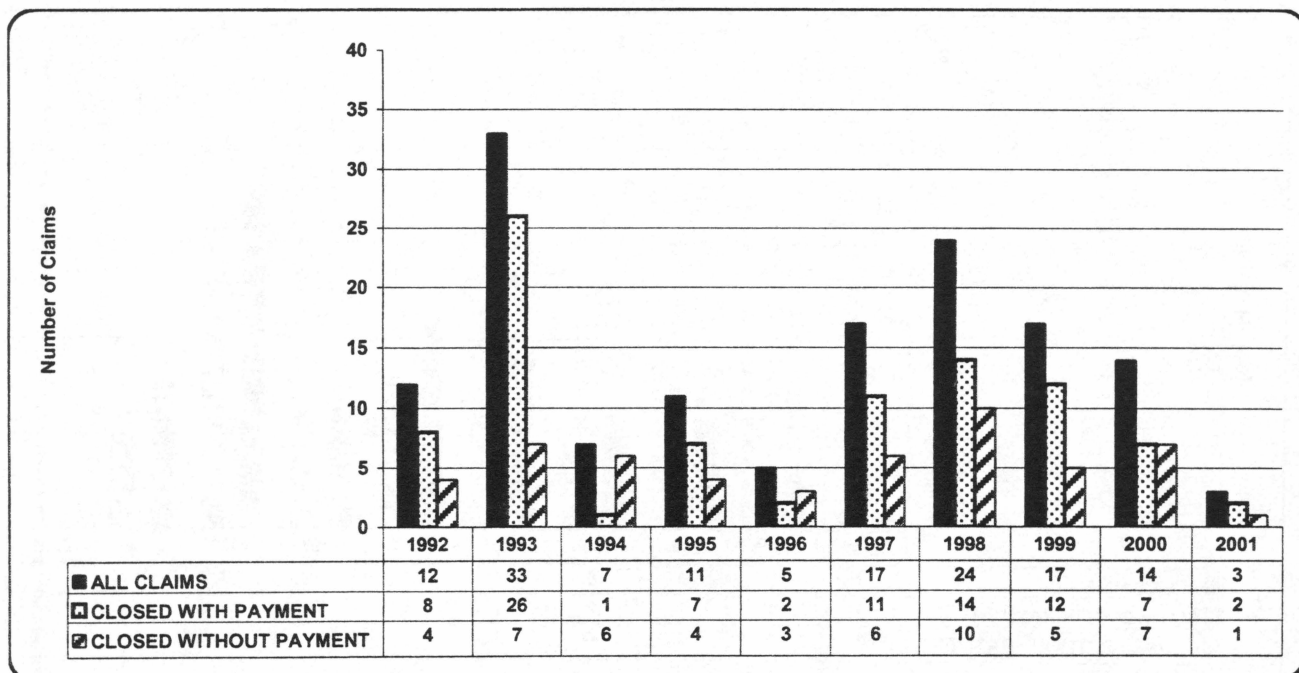
**CLAIM DISPOSITION
TRENDS
OF
2001**

BEFORE TRIAL OR HEARING

Average Paid Indemnity & Average Loss Expense

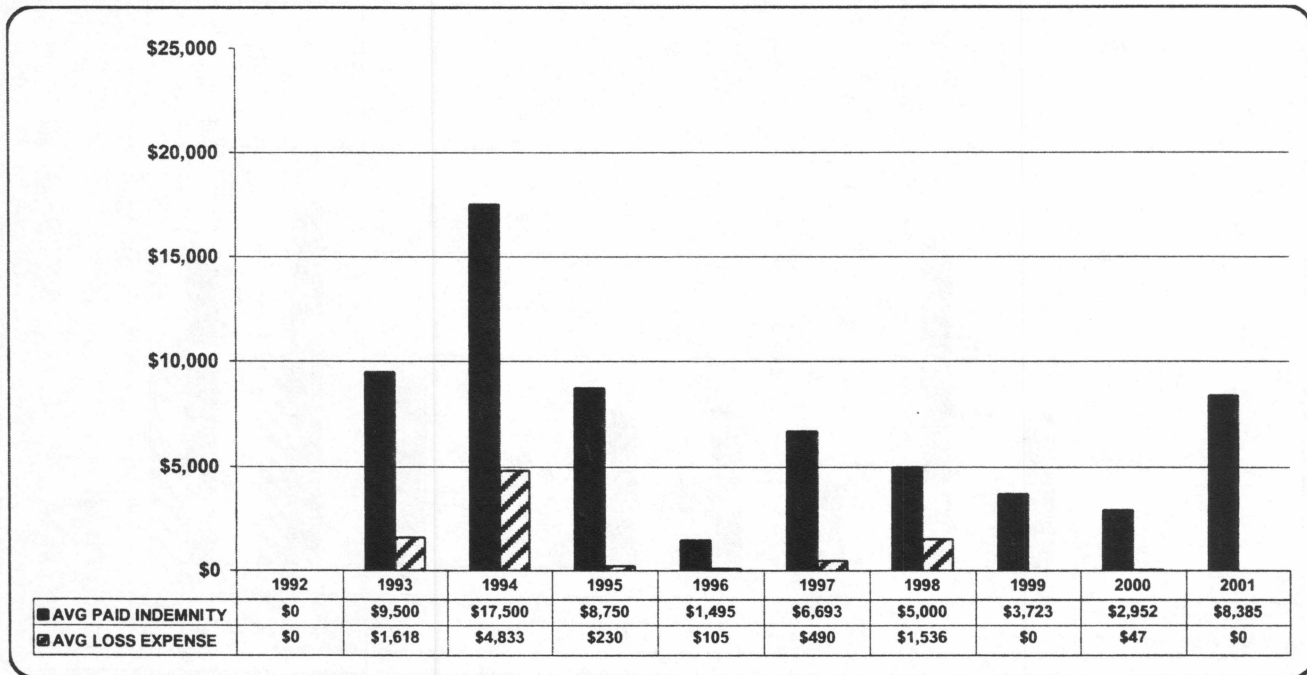


Claim Count

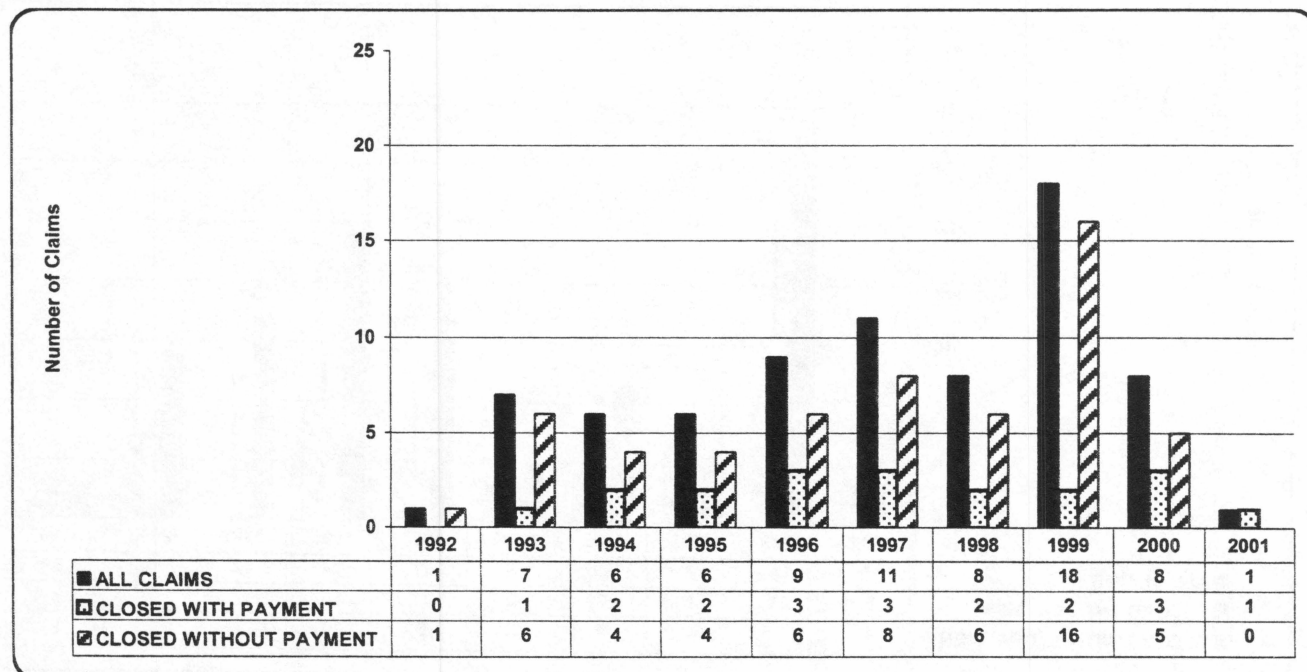


BEFORE FILING SUIT OR DEMANDING HEARING

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2001 SUMMARY
BY
YEARS ADMITTED TO PRACTICE**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1992 - 2001

| YEARS ADMITTED TO PRACTICE | ALL CLOSED CLAIMS | NUMBER OF PAID CLAIMS | PERCENT OF PAID CLAIMS | AVERAGE INDEMNITY PAID PER PAID CLAIM | TOTAL INDEMNITY | PERCENT OF TOTAL INDEMNITY | AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS |
|----------------------------|-------------------------|--------------------------|------------------------------|--|--------------------|----------------------------------|--|
| OVER 10 YEARS | 181 | 61 | 44.85% | \$11,167 | \$681,158 | 48.32% | \$3,905 |
| 4 TO 10 YEARS | 138 | 34 | 25.00% | \$6,256 | \$212,716 | 15.09% | \$3,619 |
| NOT SPECIFIED | 54 | 28 | 20.59% | \$16,004 | \$448,104 | 31.79% | \$3,990 |
| UNDER 4 YEARS | 29 | 13 | 9.56% | \$5,203 | \$67,636 | 4.80% | \$4,000 |
| TOTAL | 402 | 136 | 100.00% | \$10,365 | \$1,409,614 | 100.00% | \$3,825 |

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

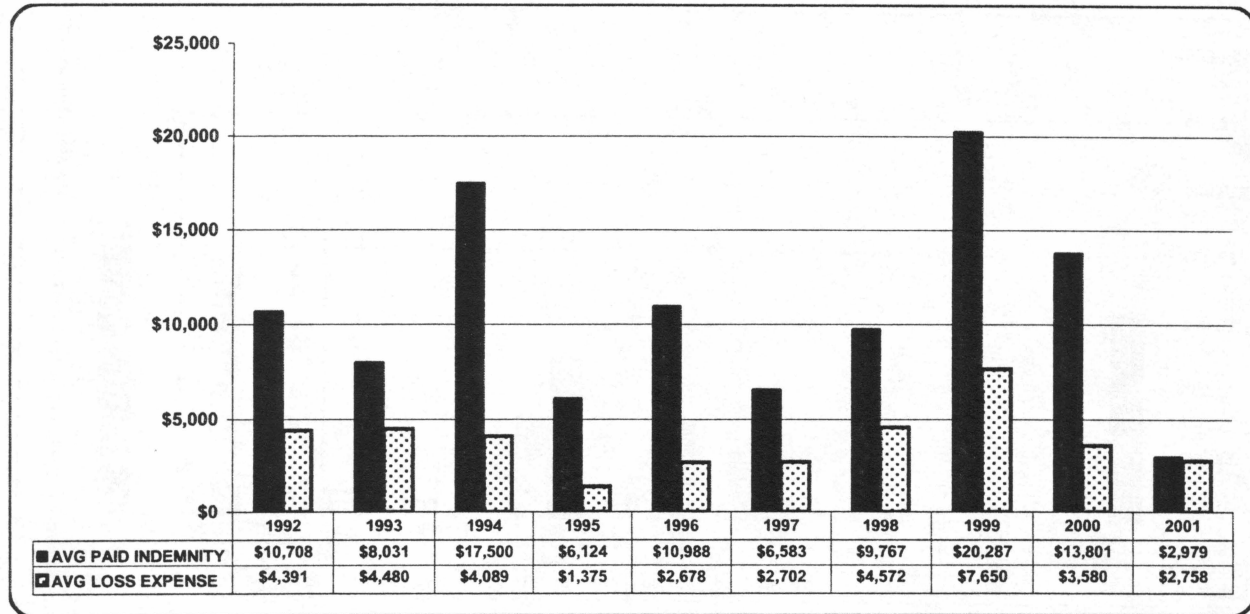
CLAIMS CLOSED IN 2001

| YEARS ADMITTED TO PRACTICE | ALL CLOSED CLAIMS | NUMBER OF PAID CLAIMS | PERCENT OF PAID CLAIMS | AVERAGE INDEMNITY PAID PER PAID CLAIM | TOTAL INDEMNITY | PERCENT OF TOTAL INDEMNITY | AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS |
|----------------------------|-------------------------|--------------------------|------------------------------|--|--------------------|----------------------------------|--|
| OVER 10 YEARS | 3 | 2 | 66.67% | \$2,979 | \$5,957 | 41.54% | \$2,758 |
| UNDER 4 YEARS | 1 | 1 | 33.33% | \$8,385 | \$8,385 | 58.46% | \$0 |
| TOTAL | 4 | 3 | 100.00% | \$4,781 | \$14,342 | 100.00% | \$2,069 |

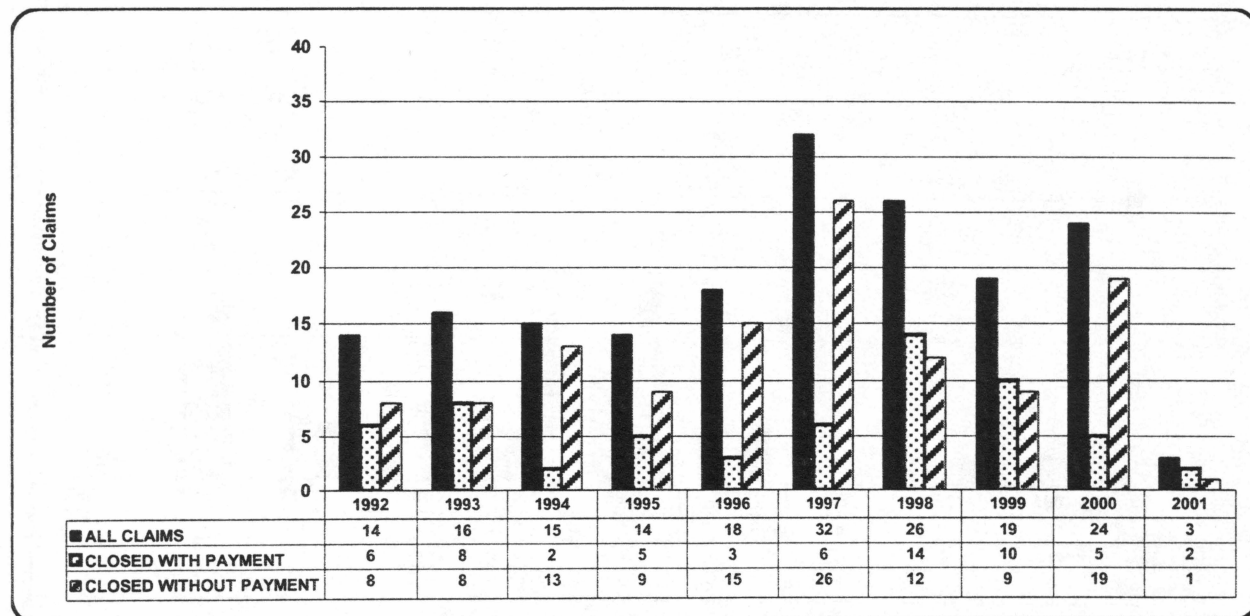
**YEARS ADMITTED TO PRACTICE
TRENDS
OF
2001**

OVER 10 YEARS

Average Paid Indemnity & Average Loss Expense

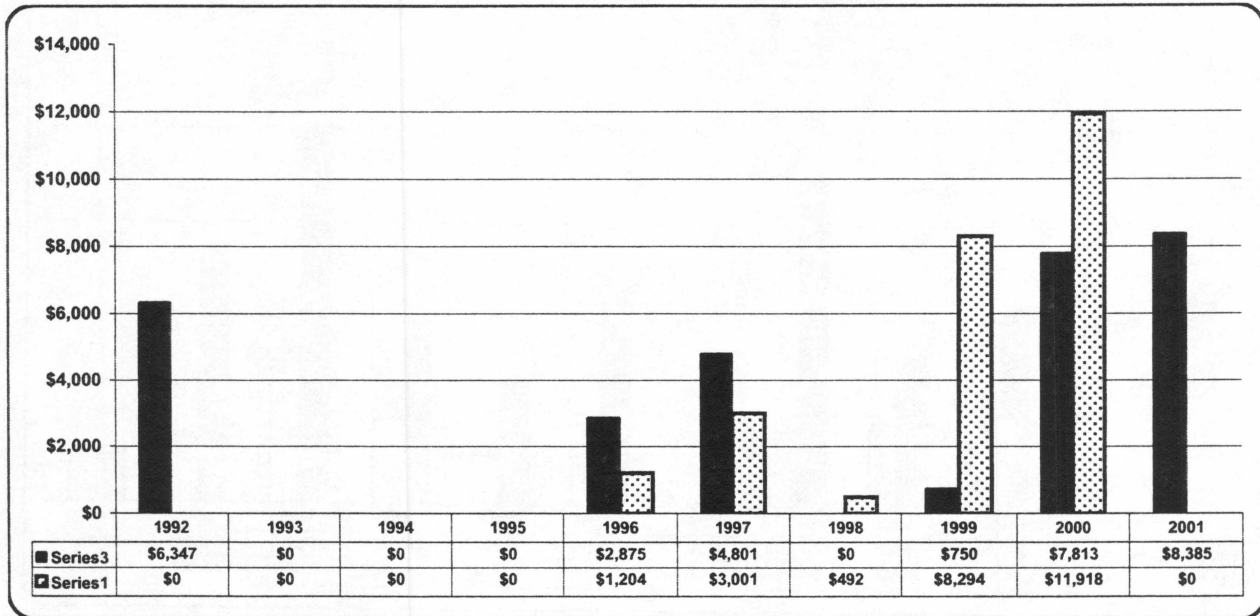


Claim Count

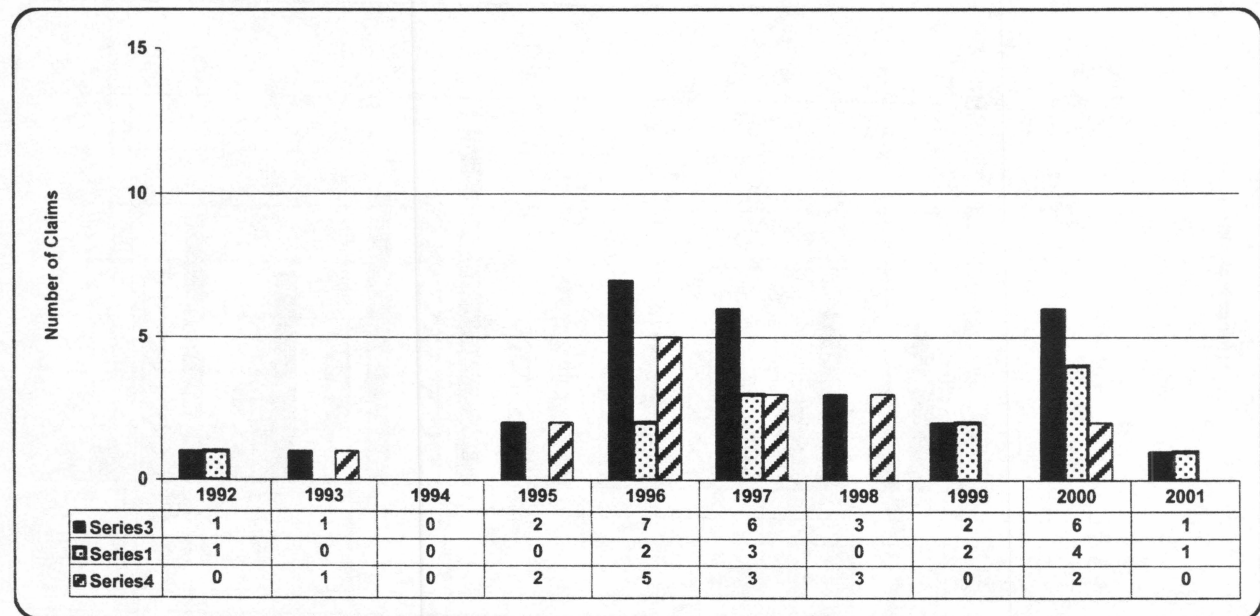


UNDER 4 YEARS

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY
&
2001 SUMMARY
BY
INSURED/CLAIMANT RELATIONSHIP**

REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

FOR YEARS 1992 - 2001

| INSURED'S RELATIONSHIP TO THE CLAIMANT | ALL CLOSED CLAIMS | NUMBER OF PAID CLAIMS | PERCENT OF PAID CLAIMS | AVERAGE INDEMNITY PAID PER PAID CLAIM | TOTAL INDEMNITY | PERCENT OF TOTAL INDEMNITY | AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS |
|---|-------------------------|--------------------------|------------------------------|--|--------------------|----------------------------------|--|
| NON-CONTRACTUAL RELATIONSHIP WITH CLAIM | 260 | 81 | 59.56% | \$11,121 | \$900,815 | 63.91% | \$3,692 |
| CONTRACTUAL RELATIONSHIP WITH CLAIMANT | 116 | 42 | 30.88% | \$10,205 | \$428,620 | 30.41% | \$4,472 |
| NOT SPECIFIED | 26 | 13 | 9.56% | \$6,168 | \$80,179 | 5.69% | \$2,273 |
| TOTAL | 402 | 136 | 100.00% | \$10,365 | \$1,409,614 | 100.00% | \$3,825 |

REAL ESTATE MALPRACTICE INSURANCE

INDEMNITY ANALYSIS

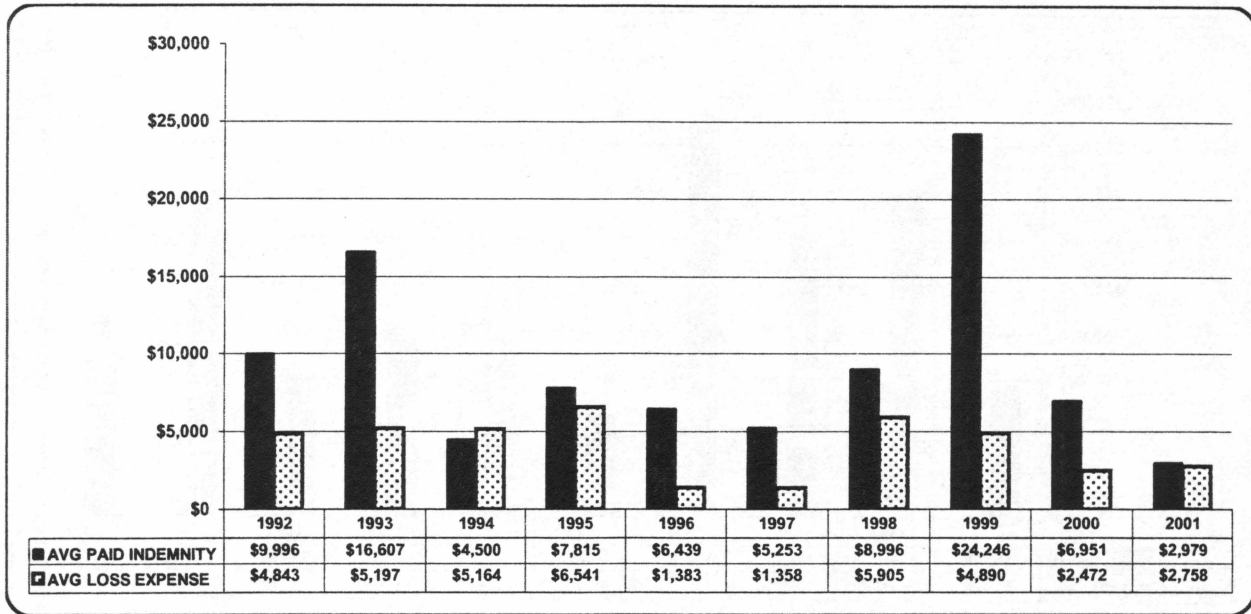
CLAIMS CLOSED IN 2001

| INSURED'S RELATIONSHIP TO THE CLAIMANT | ALL CLOSED CLAIMS | NUMBER OF PAID CLAIMS | PERCENT OF PAID CLAIMS | AVERAGE INDEMNITY PAID PER PAID CLAIM | TOTAL INDEMNITY | PERCENT OF TOTAL INDEMNITY | AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS |
|--|-------------------------|--------------------------|------------------------------|--|--------------------|----------------------------------|--|
| NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT | 3 | 2 | 66.67% | \$2,979 | \$5,957 | 41.54% | \$2,758 |
| CONTRACTUAL RELATIONSHIP WITH CLAIMANT | 1 | 1 | 33.33% | \$8,385 | \$8,385 | 58.46% | \$0 |
| TOTAL | 4 | 3 | 100.00% | \$4,781 | \$14,342 | 100.00% | \$2,069 |

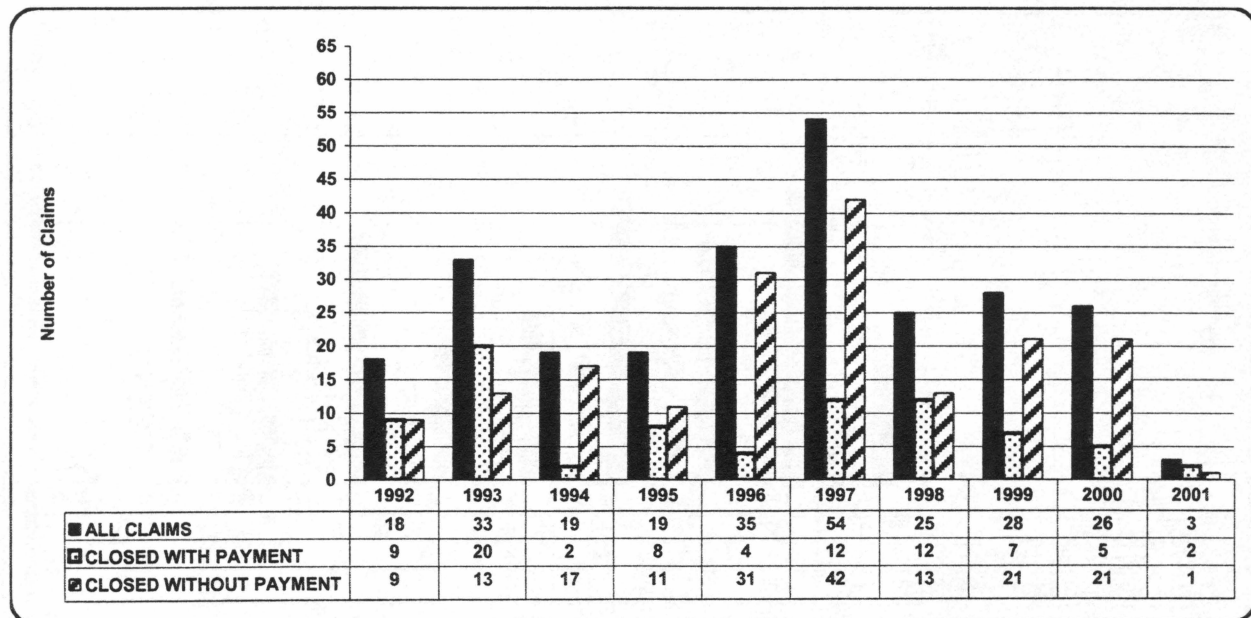
**INSURED/CLAIMANT RELATIONSHIP
TRENDS
OF
2001**

NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT

Average Paid Indemnity & Average Loss Expense

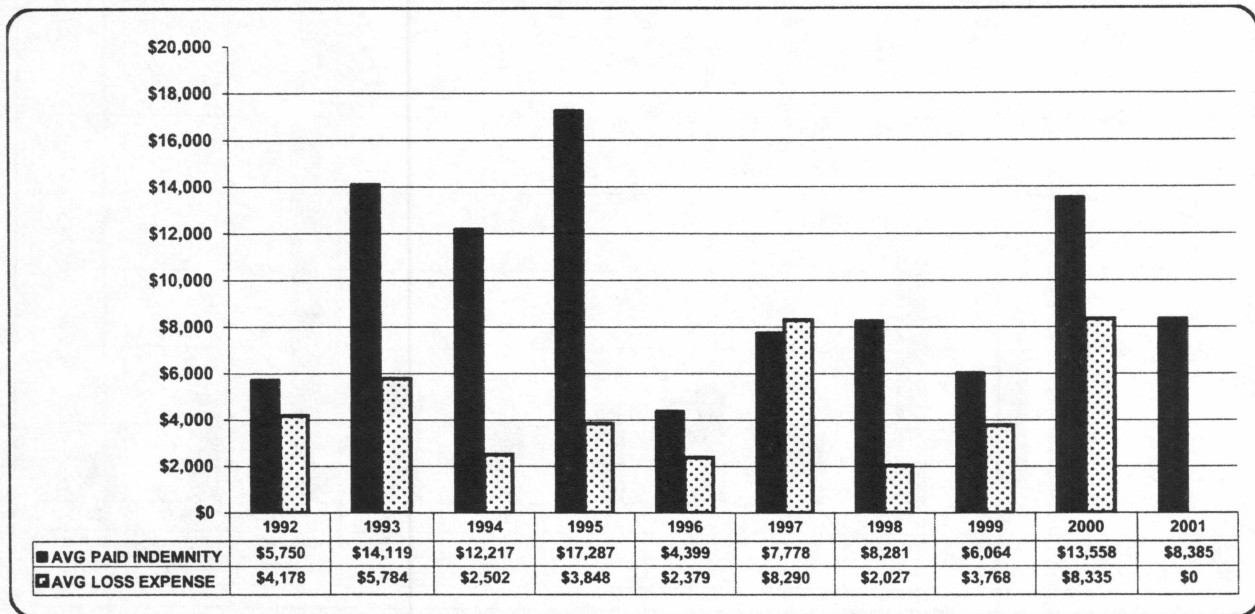


Claim Count

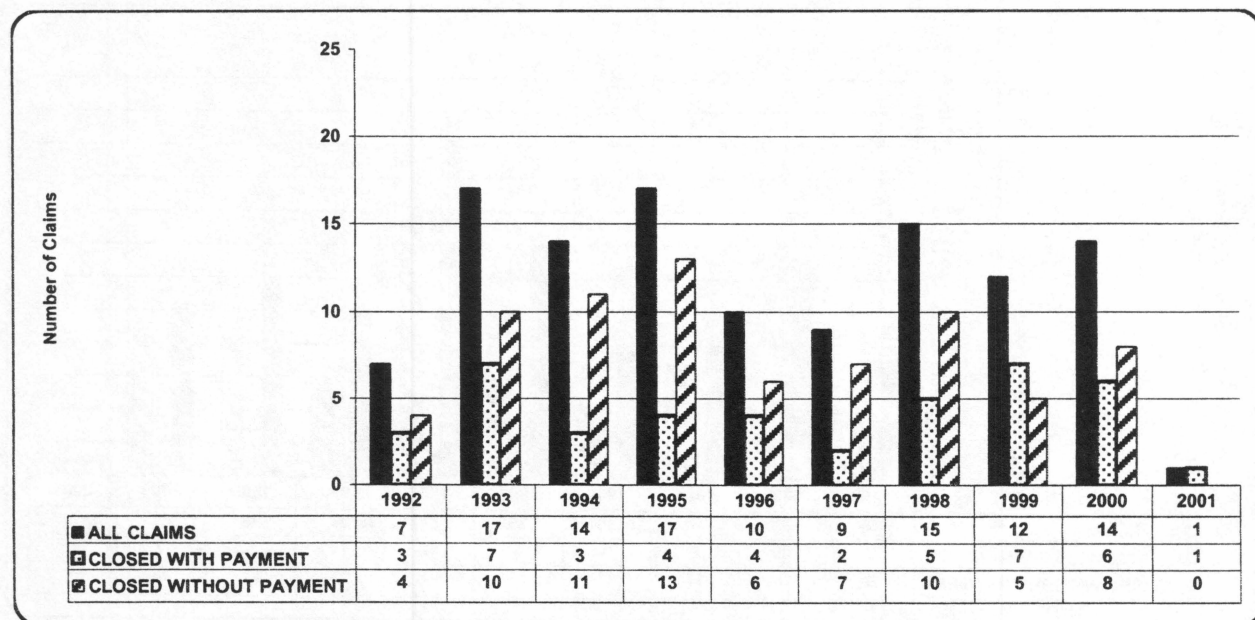


CONTRACTUAL RELATIONSHIP WITH CLAIMANT

Average Paid Indemnity & Average Loss Expense



Claim Count



**PREMIUM
AND
LOSS DATA**

PAGE 24 SUPPLEMENT REAL ESTATE MALPRACTICE EXPERIENCE
WITH MARKET SHARE

2001 EXPERIENCE

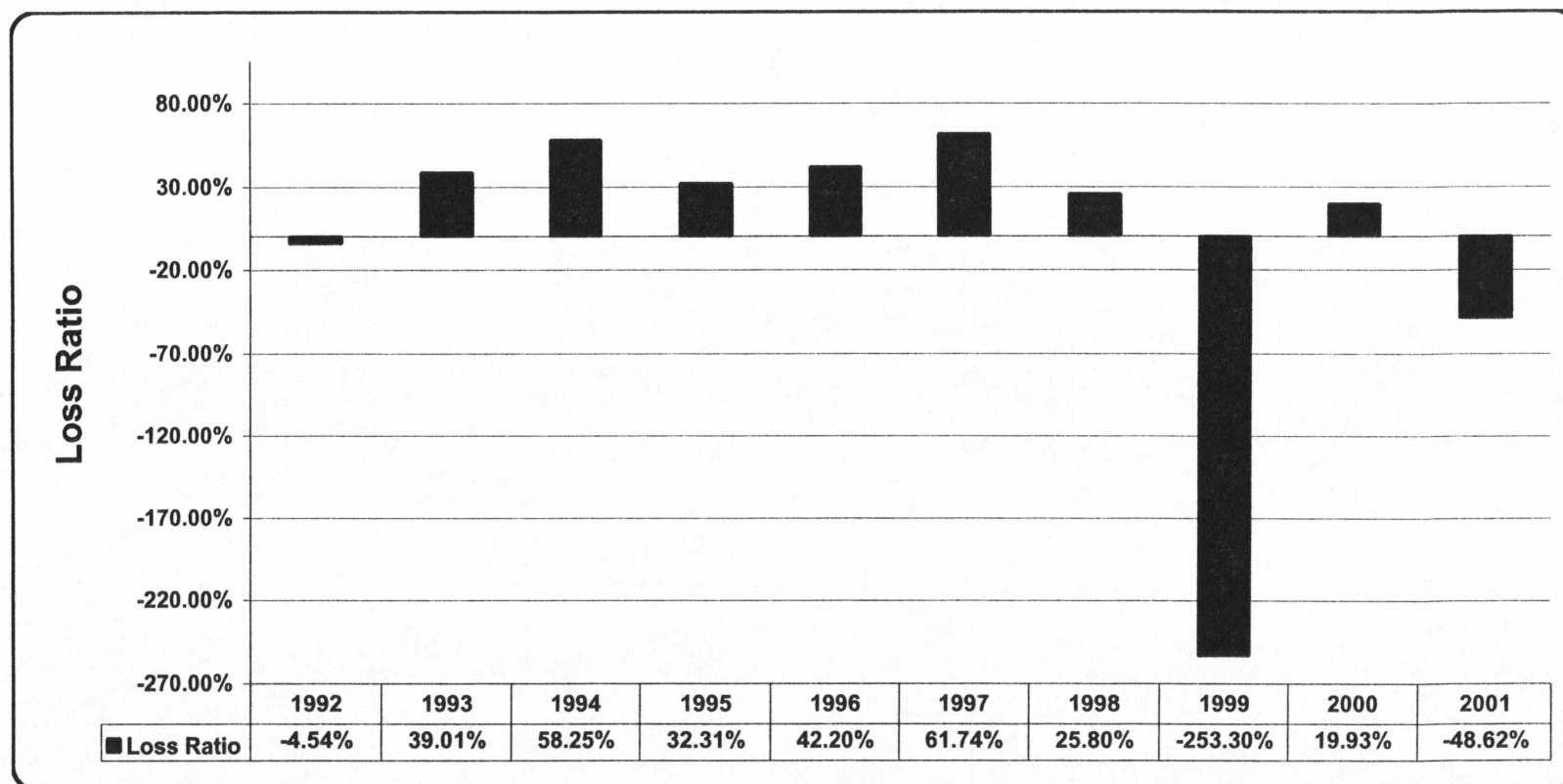
| NAIC Company Code | Company Name | Market Share | Written Premium | Earned Premium | Incurred Losses | Loss Ratio |
|-------------------------|--------------------------------------|-----------------|--------------------|-------------------|--------------------|------------|
| 20443 | CONTINENTAL CASUALTY COMPANY | 66.90% | \$419,949 | -\$419,949 | \$32,341 | -7.70% |
| 24767 | ST PAUL FIRE & MARINE INSURANCE CO | 19.14% | \$120,117 | \$62,241 | \$73,212 | 117.63% |
| 25895 | UNITED STATES LIABILITY INSURANCE CO | 9.30% | \$58,395 | \$51,873 | \$10,459 | 20.16% |
| 21296 | ASSOCIATES INSURANCE COMPANY | 4.52% | \$28,377 | \$24,582 | \$12,003 | 48.83% |
| 39845 | EMPLOYERS REINSURANCE CORPORATION | 0.13% | \$846 | \$7,097 | \$4,311 | 60.74% |
| 25658 | TRAVELERS INDEMNITY COMPANY | 0.00% | \$0 | \$0 | \$957 | N/A |
| TOTAL | | 100.00% | \$627,684 | -\$274,156 | \$133,283 | -48.62% |

PAGE 24 SUPPLEMENT REAL ESTATE MALPRACTICE EXPERIENCE

TEN YEAR SUMMARY

| Year | Written Premium | Earned Premium | Incurred Losses | Loss Ratio |
|---------------|-----------------|----------------|-----------------|------------|
| 1992 | \$215,703 | \$193,117 | -\$8,765 | -4.54% |
| 1993 | \$332,664 | \$316,333 | \$123,417 | 39.01% |
| 1994 | \$721,963 | \$591,594 | \$344,609 | 58.25% |
| 1995 | \$816,737 | \$769,978 | \$248,795 | 32.31% |
| 1996 | \$657,869 | \$686,562 | \$289,707 | 42.20% |
| 1997 | \$619,604 | \$651,641 | \$402,297 | 61.74% |
| 1998 | \$1,559,815 | \$1,688,776 | \$435,667 | 25.80% |
| 1999 | \$412,988 | \$117,643 | -\$297,986 | -253.30% |
| 2000 | \$450,419 | \$80,699 | \$16,082 | 19.93% |
| 2001 | \$627,684 | -\$274,156 | \$133,283 | -48.62% |
| 10-Year Total | \$6,415,446 | \$4,822,187 | \$1,687,106 | 34.99% |

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REAL ESTATE MALPRACTICE EXPERIENCE
TEN YEAR LOSS RATIO SUMMARY



DEFINITION OF TERMS

Market Share: The dollar amount of direct premium written by an insurer divided by the total amount of direct premiums written industry-wide for the particular line of business being analyzed, expressed as a percentage.

Written Premium: Amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

Earned Premium: The part of premium attributable to the coverage already provided in a given period before reinsurance has been ceded and/or assumed.

Incurred Losses: The sum of direct losses paid plus an estimate at the close of the year of the amounts to be paid in the future for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

Loss Ratio: The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.

Indemnity Paid: The sum of all payments made during the year for the benefit of insurance claimants, before reinsurance has been ceded and/or assumed. These payments include amounts paid in the current year for claims arising from the current year. Hence, this item is not a measure of the actual cost of current coverages, but only of current cash flows.

Loss Adjustment Expenses: The cost involved in an insurance companies adjustment of losses under a policy.

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